

Message Text

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E.O. 11652: N/A
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SUBJ: MARKET BRIEF: FOOD PROCESSING AND PACKAGING EQUIPMENT
& PARTS INDUSTRY IN THE PHILIPPINES

REF: A. USDOC 00366; B. USDOC 02454

1. THE TOTAL MARKET FOR FOOD PROCESSING MACHINERY AND PACKAGING EQUIPMENT AND PARTS IN THE PHILIPPINES REACHED AN ESTIMATED \$56 MILLION IN 1976, A 55.6 PERCENT INCREASE OVER THE 1975 LEVEL OF \$36 MILLION. FOOD PROCESSING MACHINERY COMPRISED THE BULK OF THE MARKET WITH \$40.9 MILLION, LARGELY ACCOUNTED FOR BY IMPORTS OF SUGAR MILLING MACHINERY AND PARTS VALUED AT \$28.6; PACKAGING EQUIPMENT WAS \$9.7 MILLION AND OTHER RELATED MACHINERY WHICH IS USED BOTH IN FOOD AND NON-FOOD MANUFACTURING AMOUNTED TO \$5.4 MILLION. WITH DOMESTIC PRODUCTION STILL RATHER LIMITED, THE DEMAND FOR SUCH MACHINERY AND EQUIPMENT WILL CONTINUE TO BE MET PRIMARILY THROUGH IMPORTS.

2. JAPAN WAS THE LEADING SUPPLIER OF FOOD PROCESSING AND PACKAGING MACHINERY IN 1976 WITH A TOTAL IMPORT MARKET SHARE OF 53.6 PERCENT. MAINLY BECAUSE OF THE HIGH VOLUME OF SUGAR MILLING MACHINERY SUPPLIED. TOTAL U.S. EXPORTS AMOUNTED TO \$12.3 MILLION, OR AN IMPORT MARKET SHARE OF 23.1 PERCENT. OTHER MAJOR FOREIGN SUPPLIERS ARE THE
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EEC COUNTRIES.

3. KNOWLEDGEABLE INDUSTRY SOURCES PREDICT AN AVERAGE ANNUAL CONSUMPTION GROWTH RATE OF 15-20 PERCENT OVER THE NEXT FIVE YEARS. STARTING FROM 1976 CONSUMPTION OF \$38.1 MILLION (EXCLUDING PURCHASES OF NEW SUGAR MILLING EQUIPMENT), THIS YIELDS A \$80 MILLION PROJECTED 1981

CONSUMPTION OF FOOD PROCESSING AND PACKAGING EQUIPMENT. THIS ESTIMATE ASSUMES THAT THE SUGAR INDUSTRY WILL REMAIN DEPRESSED OVER THE NEXT FIVE YEARS AND THERE WILL BE NO MAJOR NEW SUGAR MILLS ESTABLISHED DURING THE PERIOD. SUGAR MILL PARTS SALES WILL REMAIN AT THE \$10 MILLION PER YEAR LEVEL, HOWEVER.

4. DEMAND FOR THESE TYPES OF EQUIPMENT IS BEING STIMULATED BY MODERNIZATION OF THE INDUSTRY STEMMING FROM VARIOUS PHILIPPINE GOVERNMENT PROGRAMS AIMED AT INCREASING SELF-SUFFICIENCY IN FOOD PRODUCTION AND AGRICULTURAL OUTPUT IN RESPONSE TO THE INCREASED NEED TO FEED A GROWING POPULATION, STEADILY RISING DISPOSAL INCOME OF A GROWING MIDDLE CLASS WHICH IS HELPING CREATE A MARKET FOR CONVENIENCE FOODS, GOVERNMENT'S MASSIVE INFRASTRUCTURE PROGRAM DESIGNED TO MAKE THE RURAL AREAS MORE EASILY ACCESSIBLE TO TRADE, AND THE POSSIBLE ESTABLISHMENT OF AN ASEAN INDUSTRIAL COMPLEMENTATION IN FOOD.

5. A GOOD TO HIGH SALES POTENTIAL EXISTS FOR THE FOLLOWING U.S. MADE FOOD PROCESSING AND PACKAGING EQUIPMENT:

A) MEAT PROCESSING EQUIPMENT FOR SAUSAGE, LUNCHEON MEAT, HAM MAKING AND BACON LINES;

B) FISH PROCESSING EQUIPMENT SUCH AS FILLETING, DE-HEADING, UNCLASSIFIED

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DE-SEALING, DE-TAILING AND SIZING MACHINES;

C) FRUIT AND VEGETABLE PROCESSING EQUIPMENT INCLUDING STEAM AND LYE PEELERS, PULPERS, BLANCHERS AND JUICE PROCESSING EQUIPMENT;

D) BEVERAGE PROCESSING EQUIPMENT INCLUDING HIGH SPEED FILLING LINES, BOTTLE WASHERS, SYRUP AND MIX BLEND TANKS;

E) REFRIGERATION, COLD STORAGE AND CHILLING EQUIPMENT;

F) PACKAGING MACHINERY OF ALL TYPES.

6 U.S. EQUIPMENT IS HIGHLY FAVORED BY LOCAL END-USERS BECAUSE OF ITS HIGH QUALITY, TOP PERFORMANCE, AVAILABILITY OF SPARE PARTS AND SERVICE. THEREFORE, THERE ARE NEAR AND LONG TERM OPPORTUNITIES TO U.S. SUPPLIERS TO INCREASE THEIR SHARE IN THE MARKET.

7. ADDITIONAL MARKET DATA AND SUPPORTING STATISTICAL TABLES WILL BE POUCHED NEXT WEEK UNDER COVER OF AN AIRGRAM.

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